

City of East Providence Budget Commission
City Hall
145 Taunton Avenue
East Providence, RI 02914
(401) 435-7500

Meeting Minutes
March 29, 2012, 4:00 PM

Members: Michael O’Keefe – present
Stephen Bannon – present
Diane Brennan – present
City Manager, Peter Graczykowski – unavailable
Mayor Bruce Rogers – present

Other Attendees: Ellen Eggeman – City Finance Director
Christy Healey, Budget Commission Fiscal Advisor
David Eaton, Budget Commission Fiscal Advisor
Members of the Public

The meeting commenced at 4:12 pm. Michael O’Keefe began by stating that the Budget Commission had planned to hold a public meeting on an ordinance to increase wastewater rates. The Commission will treat the rate change as a tax increase, which means that it needs to operate in accordance with open meetings laws. The meeting scheduled for 5:30 PM today has been canceled. The Commission needs to explore options and put together a presentation that explains the project with options. The Commission will have first reading with an explanation of the rate change, and then the rate increase will be advertised in the local media. The Commission will then hold a second public forum to hear comments, but will not adopt any changes at that time. The changes will be adopted at a third public forum. This process differs from the City Council’s two step process. The Commission wants to be sure it has done its diligence and heard public comment. It will be approximately one month before the rates are formally adopted. The Commission will post the public notice by Tuesday April 3rd and the first reading will be on Thursday April 5th.

Agenda item #1 was the work plan. Mr. O’Keefe stated that the pension and OPEB valuations are due on Tuesday April 2. A draft will be sent to the state on Friday, as required by the Division of Municipal Finance. Mr. O’Keefe noted that the Division would footnote any valuations that used a rate of return higher than 7.5%, and that we did not want to be in that category. The tangible property valuation was almost complete. Real estate was done but the commercial would not be complete until April 10th, because the businesses were not required to submit the paperwork until March 15th. Ellen Eggeman stated that the motor vehicle valuation would be complete on Friday, March 30th. Mr. O’Keefe stated that his goal was to adopt a revised FY 2012 budget by mid-April. The initial Department meetings were completed on March 27th. The Commission had now met with all City and School Departments at least once; some will have multiple meetings. The school bond closing was

not complete yet and the water rate study was behind. The cell phone and vehicle policies would need to be addressed and the anti-nepotism policy is done. The wastewater rates adoption was in progress, but additional information is necessary. The bridge financing would need to be secured by May 1st.

Mr. O'Keefe asked Steven Hazard, City Tax Assessor, if the revenue from previously exempt properties was a tax on the entire property or just over a threshold. Mr. Hazard noted that the tax was just on the excess. Mr. O'Keefe noted that the City Council had submitted legislation to the General Assembly regarding United Methodist that would exempt all of the property statewide. He stated that the House Fiscal Staff attorney had asked what the Commission's position was on the issue. All Commissioners stated that they were not in favor of this legislation. Regarding the labor timeline, Ms. Eggeman stated that the RFI on Health Care has not yet gone out, and Mr. O'Keefe stated that every week that it is delayed results in a week's delay in beginning labor negotiations. The Economic Development Forum invitations were mailed on March 28, emails had been sent out, and the meeting had been covered by the Post and the Patch as well as advertised in the Providence Journal. The RFP for the statistical revaluation item was still on hold pending discussion with the state Division of Municipal Finance.

Agenda Item #2 was the BPR. Mr. O'Keefe outlined the changes, as follows:

- Elimination of a newly imposed annual \$25 business registration fee resulting in a loss of \$40,000 in revenue.
- A new revenue item of \$200,000 was included due to potential revenue from back taxes at 10 New Road.
- Parks and Recreation fees were moved to a restricted receipt account. The Commission had met with the Department, and it was determined that the fee structure was less than other communities. The Commission recommended that the Department charge fees to cover a percentage of its expenses beginning with 15% in FY 2013, 20% in FY 2014, and 25% for FY 2015 and beyond. He stated that the goal was to have the Department supported by 75% taxpayer funds and 25% user fees.
- For the Forbes Street Solar lease, Mr. O'Keefe stated that there would be a meeting between himself, the Planning Director, EDC, and Peter Graczykowski to develop the lease, and determine how to best structure the lease for the City. The company plans to set up solar panels on the site of a former landfill.
- Department of Public Works included a savings in winter maintenance, half of which would be allocated for equipment purchases. Mr. O'Keefe stated that the goal was to budget winter maintenance on a five year average, with any excess used to purchase equipment, or conversely any overage being financed with the equipment budget.
- The Highway reorganization included a reduction of 6 positions through attrition.
- Pay-go capital represented the beginning of the capital improvement program.
- For School Consolidated facilities, there was savings included by leaving a plumber position vacant and hiring a contract plumber as needed for major repairs. There was also custodial and maintenance savings achieved by reducing 2 positions through attrition.

For cash flow, Ms. Eggeman stated that the City would be \$1.15 million short in May. She is working with the Assessor's Office to send out tax bills the week of May 18th, which is a

week earlier than usual. There are also revenues anticipated from turning over the tax offset program to the state Division of Taxation. Mr. O'Keefe noted that when Providence recently required proof that taxpayers had their cars registered to the address where they were collecting a homestead exemption, the DMV was flooded with registrations.

Agenda Item #3 was an update on FY 2011 Closing by Ellen Eggeman. Auditors from Bacon & Company, LLC are currently in the process of writing the report. The auditors are waiting for the final OPEB and pension reports and should be done within 30 days. As an estimate, the city is projected to have a \$1.5 million surplus and the school is projected to end with a \$1.29 million deficit which results in an estimated \$200,000 surplus. The BPR included a preliminary FY 2011 closing deficit of at a \$1.2 million.

Agenda Item #4 was the hiring of temporary staff at the Carousel. Ed Serowik, Carousel Manager presented the Commission with a list of 7 temporary hires for the weekends of April 8th and April 15th. An ad was placed in the Post to hire the permanent positions, and applications will be accepted for 1 week. The applications will be reviewed by a 3 person Committee, and recommendations for the permanent positions should be presented to the Commission on April 12th. The Carousel staff consists of 8 people per shift with a total staff of 20. The Commission requested that the criteria for hiring individuals be written in a policy. Such criteria include over 16 years of age, East Providence residency, education and experience. The Carousel will open on Easter Sunday. The 7 temporary positions were approved.

Agenda Item #5 Rainy Day Fund Initiative; Mr. O'Keefe presented the Rainy Day Fund concept to the Commission along with drafted charter language. This would implement a spending cap of 99% of anticipated revenues. The other 1% would be dedicated to a Budget Reserve Fund. Also, all net proceeds from property sales would also go into the Reserve Fund. The money in the Fund could only be used under the same conditions that are listed in the Charter for exceeding the 3.5% tax cap. If money is taken from the fund, it must be replenished within 3 years. When the fund exceeds 10% of revenues, the excess is transferred into a capital fund and used for pay-go projects. Mr. O'Keefe also asked the Commissioners if the 1% was too small or too large, as the State's level was revised to 5%. He also emphasized the need and importance of protecting the Budget Reserve Fund as one of its advantages is helping the city's future bond ratings and reducing borrowing for cash flow. Mr. O'Keefe stated that he would like to pass it initially as an ordinance and then put it on the ballot for a charter provision. He stated that the item should be on the agenda for next week as he would like Mr. Graczykowski's input.

Agenda Item #6 was a draft ordinance change on layoff restrictions. Christy Healey, Fiscal Advisor presented a city ordinance change relating to employees' separation of service. Section 11-69 (c) regarding layoffs states "no regular employee shall be laid off while another person in a classified position is employed on a provisional or temporary basis in the same class," which restricts the city's management rights even further while having collective bargaining agreements in place. Additionally it causes problems because employees of one bargaining unit cannot be moved into a separate bargaining unit. The Mayor agreed that this ordinance is unnecessary and restricts the city's management further. He asked for the item to be on the April 17th City Council's agenda. The Commission will also address it next week for passage.

Agenda Item #7 was Procurement/Payments. City payments under \$25,000 were approved, however the Commission requested further information of a payment of \$2,924 to D. Mello. City payments above \$25,000 were approved (see addendum #1). The School Department had no payments at this time. Mr. O'Keefe had noted that he received a public inquiry regarding the suggestion of privatizing recycling, and wanted to make it clear the city has already outsourced this service.

Agenda Item #8 was additional Commission items. A list of appointments made by the City Council to the Boards and Commissions was reviewed and would take effect at the next Budget Commission meeting unless the Commission objected to the appointments. The list be included in next week's agenda. A copy of the press release regarding the Business Outreach Forum in East Providence on April 10, 2012, 8:30am to 10:00am in the City Council Chambers was provided to the Commission. The press release has also been posted by the East Providence Post and Patch and will be on the East Providence web site.

Agenda Item #9, March 22, 2012 minutes, was approved.

The meeting adjourned at 5:15pm. The next meeting will be held at 3:00pm on April 5, 2012.

EPBC/ceh, de

Minutes approved by the East Providence Budget Commission on April 10, 2012.